



USAID
FROM THE AMERICAN PEOPLE

CASE STUDY: Tunisia BRCP

Business Reform and Competitiveness Project

Asia and the Middle East Economic Growth Best Practices (AMEG) Project
Chemonics International, Inc.
Task Order No. AID-OAA—12-00008

November 2015

This publication was produced for review by the United States Agency for International Development by Chemonics International Inc.

CASE STUDY: BUSINESS REFORM AND COMPETITIVENESS PROJECT IN TUNISIA

Task Order No. AID-OAA-12-00008

Cover Contractor Implemented by:

Chemonics International Inc.

The JOBS Trust

The author's views in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

CONTENTS

Acronyms	i
Executive Summary	1
Introduction	5
Case Study	
A. Economic Context: Tunisia Past and Present	7
B. Objectives, Beneficiaries, and Stakeholders	9
B1. Objectives	9
B2. Beneficiaries and Stakeholders	9
C. Approach	10
C1. Project Management	10
C2. Project Component Objectives	11
C3. Technical Implementation	12
D. Impact	20
D1. Indicators	21
D2. Cost per Job	24
E. Key Findings and Lessons Learned	24
E1. Project Design and Management	25
E2. Program Implementation	26
F. Prerequisites for Replication	28
E1. Country Characteristics	28
E2. Market Dynamics	28
E3. Stability	29
Annex A Enterprise Application Form	30
Annex B References	37

PAGE LEFT INTENTIONALLY BLANK

ACRONYMS

AMEG	Asia and the Middle East Economic Growth Best Practices Project
ANETI	Agence Nationale pour l’Emploi et le Travail Independent
BDS	Business development services
BPO	Business process outsourcing
BRCP	Business Reform and Competitiveness Project
CDC	Career Development Center
CIA	Central Intelligence Agency
CONECT	Confédération des Entreprises Citoyennes de Tunisie
CRM	Customer relationship management
EFE	Education for Employment
EG	Economic growth
ERP	Enterprise resource planning
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GOT	Government of Tunisia
ICT	Information and Communications Technology
ISSET	Institut Supérieur des Etudes Technologiques
M&E	Monitoring and Evaluation
MBGS	Mauritius Business Growth Scheme
ME	Middle East
MENA	Middle East and North Africa
MICT	Ministry of Information and Communication Technology
NGO	Non-governmental organization
SARTEX	Société des Arts Textile
SME	Small and medium size enterprise
STTA	Short-term technical assistance

TACC	Tunisian American Chamber of Commerce
TCC	Tunis Call Center
UNIDO	United Nations Industrial Development Organization
USG	United States Government
USAID	United States Agency for International Development
UTICA	Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat
VC	Value chain

EXECUTIVE SUMMARY

The Arab Spring, sparked in 2011 in Tunisia by frustration and impatience with limited economic opportunities, has yet to deliver the jobs and improved livelihoods so many had hoped for. Less than one-half of the Middle East and North Africa (MENA) region's working-age population is employed or in school. As a result of labor market inefficiencies, it has the highest youth unemployment rate in the world (28 percent), and the share of women in the workforce is lower than any other region. Since 2003, the region's labor force has grown at a rate faster than any other region. Economic growth is insufficient to significantly reduce unemployment rates and violent extremist groups are proactively trying to undermine this already tenuous situation, as seen in recent attacks targeting tourist sites in Tunisia. Although Tunisia has some advantages over other MENA countries, its economy shares high unemployment, growing poverty, and other challenges plaguing the region.

To help USAID identify the best approaches to improving employment outcomes in MENA, the Asia and Middle East Economic Growth Best Practices Program (AMEG) developed a series of case studies, including this one featuring the USAID ICT-Enabled Business Reform and Competitiveness Program (BRCP), a three-year \$11.7 million project that started in early 2014. BRCP is a follow-on to the Tunisia ICT Competitiveness Project, a \$8 million, 15-month activity that closed in October 2013. BRCP has three tasks for addressing the jobs crisis in Tunisia: assisting private firms to become more competitive and create jobs (Component 1); supporting workforce development through curricula reform, job fairs, career development centers (CDCs), and job training (Component 2); and supporting targeted enabling environment policy reforms (Component 3). This case study focuses primarily on BRCP's work under Component 1, which consumed approximately 68 percent of the program budget in Year 1 and accounted for an overwhelming majority of the program's positive impact on employment outcomes.

BRCP was selected after an extensive review of USAID and other donor-funded programs across the MENA region. In its first full year of operation, BRCP helped 100 client firms improve their competitiveness and create 3,694 jobs as a result. In addition, the project helped place 271 people in jobs by matching them with employers through CDCs and BRCP-sponsored job fairs. The research team was most impressed with the cost-effectiveness of BRCP's work. Using a conservative analysis, BRCP had a *cost per job* of \$1,207 in Year 1. AMEG's research team was unable to find another program in MENA that created jobs more cost-effectively. To achieve these results, BRCP uses a demand-driven model for enterprise competitiveness, which includes the following key features:

- *Disciplined decision making.* BRCP's success stems in part from its approach to selecting firms. BRCP does not simply tally up results after they happen; it asks hard cost-effectiveness questions beforehand. If the direct incremental cost of helping a firm create a job is expected to exceed 1,000 Tunisian Dinars (approximately \$500 USD), BRCP

takes a second look at the economic attractiveness of the proposed support.¹ Put another way, the project not only says yes to potential clients; it says no, too. BRCP focuses on a small number of priority sectors, but doing so does not tie the hands of the program team. If a cost-effective opportunity arises elsewhere, the team will pursue it.

- *Clearly linking client agreements to increases in jobs.* When developing partnership agreements between the program and client firms, BRCP secures joint ownership among all parties: the client firm, the BRCP team, and consultants (when needed). This shared vision — strengthened with cost-sharing arrangements between each client and BRCP — aligns incentives so that all parties aim to create as many jobs as possible. This approach also helps Tunisian businesses understand the important role they play in reducing unemployment and, ultimately, Tunisia’s future.
- *Use M&E and real targets to hold people accountable.* Most USAID projects have targets. When things get tough, though, it is common to move the goalposts. That is not true in BRCP. Leadership, both within USAID and the project itself, has set ambitious but achievable jobs targets that they have made clear they expect the team to meet. Because BRCP has a sound M&E system in place, USAID and program leadership can provide staff with the flexibility to decide the best methods for achieving these targets.
- *M&E that is meaningful and timely.* BRCP uses a three-tiered process for confirming that jobs claimed by client firms are real jobs. The M&E team also questions causality and additionality. In a very good sense, the M&E director is the “bad guy” who has the independence and autonomy needed to question all numbers claimed by the project.
- *Leverage Tunisian consultants and consulting firms.* To increase BRCP’s cost-effectiveness, the program uses Tunisian consultants and consulting firms to deliver the majority of its specialized assistance. To expedite the hiring of these local experts, BRCP established a blanket purchase agreement with service providers early in the project. This approach allows BRCP to quickly and effectively scale up (or down) its assistance.
- *Trust-building with clients.* The team’s business advisors know that one-shot visits or trainings are not enough to nudge clients to make the hard changes required to expand their operations and hire more people. That requires trust, and trust requires more than passing personal contact. BRCP personnel put in the time to build that trust.
- *Qualified, committed staff.* Staff are well educated, professional, and they “get” the approach. More than that, they are committed to making the project work. They are not nine-to-fivers. From top to bottom, everybody knows BRCP is all about creating jobs. In addition, many of its staff came with established contacts in the private sector and familiarity with USAID project requirements from BRCP’s predecessor.

¹ An example of a direct incremental cost: the cost of hiring a consultant to help a Tunisian firm attain ISO-9001 or another certification required by many European buyers. Direct incremental costs do not include BRCP overhead or indirect costs. However, the total cost per job calculation of \$1,207 on the previous page includes all relevant BRCP costs for Year 1, including overhead and indirect costs.

BRCP workforce development activities. While the bulk of the jobs created under BRCP stem from Component 1, neither USAID nor the BRCP team sees Components 1 and 2 as separate. Rather, they view the tasks as symbiotic, with feedback loops running back and forth between them. For example, BRCP's Component 1 staff meet business owners and expand their networks through Component 2 supported job fairs and CDCs. Qualitatively, BRCP workforce development activities are having a positive impact. Through newly established CDCs, students and professors are using Microsoft online resources — the Tamheed psychometric assessment, for example — to have structured counseling sessions for the first time ever. Using relationships built under Component 1, BRCP is helping formalize relationships between private-companies and CDCs to improve the effectiveness of those institutions. Bridging this divide is a critical opportunity in Tunisia and many MENA countries, which suffer from historical animosity between youth and the private-sector.

Conclusions. Although the BRCP approach was designed specifically to maximize its employment impact in Tunisia, this enterprise competitiveness approach has many parallels to programs used by USAID programs in other parts of the world with similar degrees of success. For that reason, AMEG believes the BRCP approach could be adopted successfully in other MENA countries. BRCP does benefit from Tunisia's potential for business growth, which is due, in large part, to its proximity to Europe. But this is something that many other MENA countries can capitalize on. More importantly, Tunisia has a relatively stable level of security. Business advisors and M&E staff can travel to most parts of the country within a few hours and meet regularly with clients to build trust and ensure accuracy of the results.

BRCP's Year 1 results are impressive and, yet, there are reasons to be more optimistic about the program. For instance, BRCP is fairly conservative with its M&E numbers. The 3,694 jobs created in Year 1 do not include any jobs created indirectly (e.g., if a BRCP client increases sales, it may lead to new jobs with the client's input suppliers). In addition, the AMEG team's experience elsewhere suggests that there is a "copycat effect" where other non-BRCP firms observe and adopt the improved practices of BRCP clients. This impact is difficult to measure accurately, but important to recognize. BRCP is a follow-on and, as a result, it had the advantage of not starting from scratch. However, the team still spent valuable time launching the program in Year 1 and will likely become more cost effective in Years 2 and 3 as the team builds momentum and learns to become more efficient.

PROJECT PURPOSE, LOCATION	DESIGN FACTORS	RESULTS		CRITICAL SUCCESS FACTORS
		QUANTITATIVE	QUALITATIVE	
Project: ICT Competitiveness Objective: Focus on the ICT sector: Increase and develop entrepreneurship, grow and develop workforce, and develop policy and regulatory reforms. Location: Tunisia Donor/Funding: USAID/US\$8 million Implementing Partner: IDG, formerly Sibley International Duration: 15 months (2011-2013) Targets: 2000 jobs created, 500 people trained	<input checked="" type="checkbox"/> Enterprise competitiveness <input checked="" type="checkbox"/> Technical / vocational training <input checked="" type="checkbox"/> Job placement / matching <input checked="" type="checkbox"/> Entrepreneurship <input type="checkbox"/> Livelihoods <input type="checkbox"/> Other	a) Number of Jobs Created: 2,409 b) Number of Job Placements: 621 of total c) Cost/job: \$3,082 d) Numbers Trained: 1,101 e) Cost/participant: \$6,744	1) Macro – Policy Change: Yes 2) Micro – Practice Change: Yes 3) Improved Relationship with Host: Most targets for interface, knowledge sharing hugely surpassed; Reported cost sharing quadrupled target	Flexibility: Degree to which some targets were surpassed indicates flexibility in governance Cooperative relationships: Good network within country Project Timeline: Too short to develop and implement any lasting solutions with longer term impact
Project: Business Reform and Competitiveness Project (BRCP) Objective: Increase and develop entrepreneurship, grow and develop workforce, and develop policy and regulatory reforms. Location: Tunisia Donor/Funding: USAID/US\$11.7 million Implementing Partner: Pragma Corporation Duration: 3 years (2014-2017) Targets: 14,430 jobs Multiple targets in investment capital, equity financing, and FDI 6-8 policy reforms, annually	<input checked="" type="checkbox"/> Enterprise competitiveness <input checked="" type="checkbox"/> Technical / vocational training <input checked="" type="checkbox"/> Job placement / matching <input type="checkbox"/> Entrepreneurship <input type="checkbox"/> Livelihoods <input type="checkbox"/> Other	<i>As of June 2015:</i> a) Number of Jobs Created: 3,694 b) Number of Job Placements: 271* c) Estimated Cost/job: \$1,207 per job * Job Fairs and CDC placements combined	<i>To date:</i> 1) Macro – Policy Change: In progress 2) Micro – Practice Change: Yes 3) Spillover effects: BRCP only captures jobs created by firms the project supports directly. It is likely that some Tunisian companies copy the changes made to competitors with BRCP assistance. Also, BRCP does not capture any jobs created down the supply chain. 4) Improved Relationship with Host: Excellent relationships within donor community as evidenced by meetings during field visit; Government changed in first six months of project, so relations difficult to assess – anecdotal evidence to-date indicates solid standing	Discipline: Support only companies that can create at least one job for every \$500 U.S. dollars of direct costs spent by BRCP. Flexibility: The team focuses on a small number of supply chains, but the design of the project maintains flexibility in responding to unforeseen challenges and opportunities. Strong M&E System: The team has a sound M&E system that allows them to track jobs attributable to BRCP activities. This promotes accountability at many levels of implementation. Project Timeline: 1+1+1=3 year structure and ambitious targets encourage team to find “quick-wins”, but unfortunately also discourages strategic planning and longer term risks.

INTRODUCTION

A. PURPOSE OF CASE STUDY

To address the jobs crisis in MENA and support USAID's increased emphasis on evidence based decision making, USAID's Middle East (ME) Bureau commissioned research, conducted by AMEG, focusing on three approaches that exemplify solutions to sustainable job creation in high-unemployment countries. AMEG is developing case studies for each of these three approaches: (i) enterprise competitiveness, (ii) vocational training and job-matching, and (iii) sustainable livelihoods development. Using the best practices and lessons learned highlighted in these case studies, AMEG is developing technical guides with practical tools to help USAID design and implement job creation programs in the MENA region that have the greatest *cost per job* possible.

The Tunisia ICT-enabled Business Reform and Competitiveness Program (BRCP) was selected as a case study because a literature review and initial stakeholder consultations indicated it has achieved impressive results through its enterprise competitiveness activities and is piloting some innovative approaches to vocational training and job-matching support. Funded by USAID and implemented by the Pragma Corporation², BRCP was designed as a follow-on to the Tunisia ICT Competitiveness Project, a \$8 million, 15-month activity that closed in October 2013.

USAID has dozens of strategies and guidance documents, including many that are related to economic growth programming — the Youth in Development Strategy, the Economic Growth Strategy, etc. AMEG's research is neither meant to align with nor contradict these strategy documents. Instead, this case study responds to the enormity and urgency of the jobs crisis in MENA by focusing on approaches that have a direct, measurable impact on employment outcomes over a relatively short time horizon. Ultimately, this case study was written to provide USAID with an understanding of how BRCP is implemented and the extent to which BRCP is having a positive impact on job creation in MENA. It is worth noting that AMEG did not conduct a traditional assessment of BRCP. For example, the team did not check the validity of all results reported. Instead, AMEG sought to confirm the legitimacy of BRCP's results by asking how they confirm jobs have been in fact created (veracity), have a causal link with BRCP activities (causality), and would not have been created in the absence of BRCP (additionality).

B. ABOUT AMEG

The AMEG project is designed to support USAID missions in developing effective and efficient economic growth programs that address technical and strategic challenges that are specific to countries in which USAID operates in Asia and the Middle East. Through AMEG,

² For disclosure, Chemonics International has a minor role on BRCP as a subcontractor to Pragma. Chemonics employs one long-term Tunisian professional under Component 1, the primary focus of this case study.

USAID is able to conduct rapid and strategic economic growth assessments, pilot innovative economic growth approaches, and consolidate and disseminate best practices in economic growth projects learned from USAID implementation throughout the world.

C. ORGANIZATION OF REPORT

This case study begins by discussing the economic context of Tunisia — before and after the Arab Spring — and continues to provide a description of project objectives, beneficiaries, and stakeholders. The BRCP approach is reviewed then in terms of project management, component objectives, and technical implementation. The results of the project indicators are presented and estimated cost calculations for jobs generated by the project are detailed. Key findings and lessons learned are included, as are prerequisites for replication in countries other than Tunisia.

D. ASSESSMENT TEAM AND ACKNOWLEDGEMENTS

The field research for this case study was undertaken between December 2014 and March 2015 by Erika Hoffman-Kiess and Nadya Karim-Shaw, both employed by the JOBS Trust. Imran Shauket supported Ms. Hoffman-Kiess and Ms. Karim-Shaw with their research and analysis. Additional follow up research was conducted by Isaiah Oliver, AMEG deputy chief of party, and Jim Riordan, senior competitiveness expert, in September 2015. During the field visits to Tunisia, the AMEG team met with BRCP management, staff, senior technical experts, beneficiaries, and partners. The team would like to thank Bill Baldrige of USAID's Middle East Bureau Technical Services Unit; Amel Mankai, Iskander Ben Mustapha, and the BRCP project team; and Pragma President/Chief Operating Officer Paul Davis for their transparency and cooperation in conducting the review.

CASE STUDY

This case study explores the methodology and experience of the USAID Tunisia Business Reform and Competitiveness Project (BRCP), a USAID program that began in 2014 and is scheduled to end in 2017, assuming the program's last option year is exercised. Although not a primary focus, the case study touches on the predecessor ICT Competitiveness project.

A. ECONOMIC CONTEXT: TUNISIA PAST AND PRESENT

Tunisia is a small Northern African country that was at the forefront of the Arab Spring in 2011. Like its counterparts in the region, Tunisia has high unemployment despite stable and relatively strong growth over the past two decades. Unemployment has hovered between 14 and 16 percent, and youth unemployment is as high as 40 percent according to the World Bank. As is typical of developing countries, informal and small-scale non-agricultural employment are important; self-employment accounts for nearly one-third of all jobs (Jütting, Parlevliet, & Xenogiani, 2008 and Angel-Urdinola, Nucifora, & Robalino, 2014). The highly skewed distribution of firms by size in Tunisia is also typical of developing countries. Although the Tunisian government has pursued a very active industrial policy, of which exports and small business promotion were important pillars, it is simultaneously known for having arbitrarily applied relatively burdensome business regulations that compound high levels of corruption (Rijkers, Freund, & Nucifora, 2014).

Box 1. USG Programs in Tunisia

- Business Reform and Competitiveness Project (US\$11 million: 2014-current)
- Global Development Alliance between Hewlett Packard and UNIDO (US\$3 million: 2011-current)
- SME trade promotion program (US\$1.4 million—2012-2014)
- Tunisian American Enterprise Fund (US\$20 million—2013-2022)
- Tax and Customs Project (US\$11.6 million, 3 years: 2014-2017)

Post-2011, Tunisia is making the difficult transition to a democracy and competitive market economy that is more fully integrated into a regional and global economic system. Ongoing economic turmoil in the European Union — the country's major export market — combined with Tunisia's declining share of merchandise exports in world trade since 2010 have rendered a quick turnaround impossible (The World Bank, 2014b). Tourism revenues, once 15 percent of the country's GDP, are showing signs of a sluggish comeback. Recent terrorist attacks targeting foreign tourists at the Bardo museum and a beach resort near Sousse will cripple the sector in the short-term. Clearly, the country's transition remains brittle; Tunisia's 10.5 million people need the types of concrete

investment that can kick the economy out of the doldrums and usher in an era of sustained growth and progress. It is recognition of this need that has spurred U.S. government investment and support with nearly \$42 million in assistance since 2011 (see Box 1).

Donor support. Apart from the U.S. government, Tunisia has attracted tremendous international support since 2011. The World Bank is infusing nearly US\$6 billion in support of political and economic change across Egypt and Tunisia. The United Kingdom is also a

robust donor with more than £40m (US\$64.5m) for democracy programming in MENA and £70m (US\$112.9m) over four years earmarked for the promotion of economic growth in Egypt and Tunisia. Italy, Germany, and France are also supporting economic and development sector projects totaling over €130m.

Key characteristics for BRCP implementation. Because Tunisia's development over the past two decades was heavily state-driven, its transition to a new political and economic framework is likely to be fraught with tension. Even when parts of the economy were liberalized in the 1980s and 1990s with the consolidation of an 'offshore' sector, the government retained close control of the domestic economy — rendering over 50 percent of it either closed or subject to entry restrictions (The World Bank, 2014b). However, this centrally-controlled notion of progress masked a widening gap between perception and reality: while the perception was that economic growth in Tunisia was characterized by trade integration and strong export performance, the reality is that trade integration is highly limited and export performance has in fact been deteriorating. Tunisian exporters (with a few exceptions) rarely provide true value-added goods and services, compared to regional counterparts. Likewise, Kapstein, Kim, & Eggeling (2012, pp. 5-6) argue that the perception under the previous regime was that many jobs were being added to the economy; the reality is that the jobs added were in low-value and informal sector activities and do not meet the aspirations of the increasingly large number of university graduates.

Table 1. Regional World Bank Ease of Doing Business Comparisons, 2015	
Tunisia	60
Morocco	71
Lebanon	104
Egypt	112
Jordan	117
Algeria	154
Libya	188
Note: These scores reflect a ranking of 189 countries, whereby 1 represents the country where it is easiest to do business. Source: www.doingbusiness.org	

Other key characteristics of Tunisia and its economy, as noted by the BRCP implementation team and the case study team's research in country, include:

- *Culture of entrepreneurship and a tradition of exporting.* Despite many challenges facing the private-sector, Tunisians are known historically for being business-savvy and entrepreneurial. The country has strong ties to Europe and has a tradition of trading goods and services internationally.
- *Shift from state-driven, to private sector-led development.* The economy is currently transitioning from a prolonged period of state dominance in market activity and job creation. This state largesse created pervasive structural unemployment and dampened the entrepreneurial spirit of previous generations (International Labor Organization, 2011; Bohlander, 2013; The World Bank, 2014b; The World Bank, 2015b).
- *High levels of corruption, yet relatively favorable business climate to other MENA countries.* A major impediment to private sector growth in Tunisia, as well as most other countries in MENA, is a legal and regulatory environment plagued by high levels of corruption and nepotism. However, as seen in Table 1 above, Tunisia ranks higher than its neighbors on the World Bank's *Doing Business* report.

- *Private-sector growth is currently hampered by exogenous factors.* Given its geographic proximity to Europe, Tunisian businesses are directly impacted by sluggish economic activity in Europe in 2015. In addition, investors are relatively risk-averse following the Arab Spring and hesitant to invest (The Pragma Corporation, 2015).
- *Vast geographic disparities.* Tunisia faces significant geographic disparities — particularly between the coast and the interior of the country — where poverty rates are four times higher and overall unemployment can reach 40 percent. Some argue that this geographic inequality and exclusion underpins the social discontent expressed by Tunisia’s youth in 2011 (Ryan, 2011; Angel-Urdinola et al., 2014; Srebernik, 2014; The World Bank, 2014b).
- *Highly educated workforce, but mismatch between skills attained and demanded in market.* Tunisians place a significant value on education and higher-education is free for all Tunisian citizens. As a result, the workforce is more educated than many countries in MENA. Yet there are major mismatches between skills attained through the education system and those demanded by private employers. Unemployment among college graduates is around 30 percent, and overall youth unemployment is as high as 40 percent according to the World Bank. Compounding the unemployment rate for youth is a culture that frowns upon those willing to take jobs that are not viewed as prestigious.

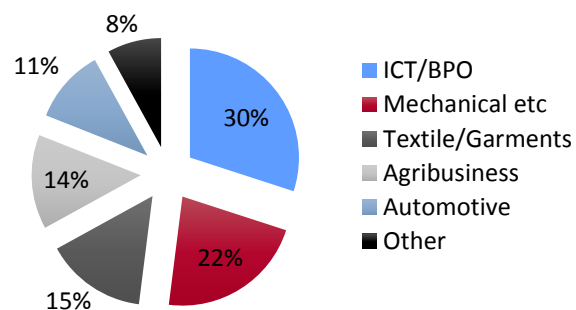
B. OBJECTIVES, BENEFICIARIES, AND STAKEHOLDERS

B1. OBJECTIVES

The objective of BRCP is to increase employment, competitiveness, and growth through initiatives in value chain and enterprise development, workforce development, and the legal/regulatory environment. In Year 1, the focus has been working with a group of enterprises that can be clustered under six value chains (VCs) in high-growth sectors shown in Figure 1 (other includes

pharmaceutical, chemical, building materials and construction, cosmetics, healthcare and transport sectors) (The Pragma Corporation, 2014b). To maximize program resources, BRCP selected these target VCs using pre-existing research. BRCP maintains flexibility to work with clients outside these VCs and BRCP reviews and revises its priority VCs annually.

Figure 1. BRCP Sector Representation



B2. BENEFICIARIES AND STAKEHOLDERS

Beneficiaries vary across project components (more details are in Section C, Approach); generally they include small and medium size enterprises (SMEs) in high potential sectors as already noted, vocational/technical training and educational institutions, banks, and non-bank

investment entities. Over the course of the field visit it was clear that the majority of BRCP activity was taking place in the more developed coastal regions, although BRCP worked in 22 of the 24 governorates in Tunisia in its first year.

In addition to the beneficiaries, BRCP stakeholders include government agencies and business associations such as Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat (UTICA), Tunisian American Chamber of Commerce (TACC), JAMAITY (a new Tunisian portal of NGOs). Stakeholders also include enterprises/firms, educational institutions, NGOs, financial institutions (e.g., Banque Internationale Arabe de Tunisie AMEN, Banque de Financement des Petites et Moyennes Entreprises, Tunisian American Enterprise Fund, and Tunisie Factoring/Leasing), donors, and business service providers (training and consulting agencies such as Ecovis and Zenith).

Box 2. SME Sector in Tunisia

- The Government of Tunisia does not have an official definition for SME. In practice, the approximate limit is an enterprise with annual sales of up to US\$50 million and up to 500 employees.
- Most SMEs are micro-enterprises, with fewer than 10 employees and employ only 10% of the national workforce.
- 59 percent of jobs in Tunisia are created by SMEs.
- 98 percent of all officially registered companies in Tunisia are SMEs.
- Only 15 percent of all bank loans go to SMEs.
- About 50,000 new SMEs are started annually in Tunisia.
- 50 percent of all Tunisian SMEs go out of business within five years of their creation.

Source: The Pragma Corporation, 2014b.

C. APPROACH

C1. PROJECT MANAGEMENT

BRCP operates under a very simplified organizational structure. On the operations side, the Operations office (three staff and three drivers) and the M&E/Communications team (two staff) report directly to the chief of party. Programmatically, each component has a team lead and reports to the chief of party. Task 1 has 11 staff including one technical lead to manage the overall activity, eight business advisors, and two financial advisors. Each business advisor has between 15 and 25 client firms in their respective portfolios. One-half of BRCP's 26 project staff worked on the previous project, ICT Competitiveness.

Task 2 has four staff, one each working in business growth and workforce development, job fair and Career Development Center (CDC), training, and student employment. Short-term technical assistance (STTA) subject matter experts (as needed) and a team of two, part-time legal consultants staff Component 3.

To streamline technical activities under Component 1, BRCP conducted a competitive process early in the project to identify Tunisian consulting firms capable of delivering assistance — particularly assistance that tends to be requested by many firms, such as ISO-

9001 and other types of certification. This blanket purchase agreement is an important mechanism for BRCP's success because it minimizes administrative delays in delivering assistance to client firms. It is worth noting, however, that BRCP uses individual consultant or consulting firms outside of the blanket purchase agreement when appropriate.

C2. PROJECT COMPONENT OBJECTIVES

A recent BRCP report (The Pragma Corporation, 2014b) summarizes the project approach as follows, and cites three major causes of low growth and high unemployment in Tunisia:

1. *Private sector weaknesses.* Tunisia's private sector suffers from uncompetitive enterprises and underdeveloped VCs that lack efficient management, up-to-date technologies, innovation, access to capital, effective business, professional, and government supporting institutions, and integration into regional and global markets.
2. *Workforce deficiencies.* The workforce is often poorly prepared for employment, lacking in some instances the required technical skills and more generally the soft skills necessary to obtain and retain employment, as well as adequate coaching and mentoring on how to choose and develop a career. In general, there is insufficient cooperation between employers and the education system.
3. *Legal and regulatory impediments.* Tunisia also suffers from a legal and regulatory enabling environment that creates distortions, hampers modernization, inhibits employment, encourages the informal sector and impedes the expansion of exports and attraction of foreign direct investment (FDI).

To best address these challenges, BRCP activities³ are structured across three components: (i) enterprise growth, (ii) workforce development, and (iii) regulatory reform (or business enabling environment). Those components and their main activities are as follows.

Component 1: Increasing growth and competitiveness of enterprises in key value chains (68 percent of BRCP's budget supported this component in Year 1)

- Providing demand-driven assistance to firms with potential for significant sales and employment growth
- Subsidizing technical assistance to businesses in strategic value chains.
- Improving business access to capital by working with lending and investment organizations.
- Increasing export market access through trade and investment initiatives.
- Collaboration with business and professional associations, government agencies, donor programs and other stakeholders to create enhanced, sustainable, and scalable impact on economic growth and employment.

³ For the purposes of this report, the case study team focused on the most prominent activities per task. Relationship building is an activity that cuts across all three components.

Component 2: Improving employability and competitiveness of the workforce (15.5 percent of BRCP's budget supported this component in Year 1)

- Matching job seekers to employers through job fairs, career development centers, and the use of [Microsoft's Ta3mal online platform](#).
- Improving the skills of the workforce through training, curricula reform, and internships.

Component 3: Improving regulatory reform in key areas (15.6 percent of BRCP's budget supported this component in Year 1)

- Providing technical assistance to government and other stakeholders in targeted areas such as tax and telecommunications. Key areas are prioritized in accordance with their importance for increased investment/job growth in ICT-enabled sectors and prospects for successfully promoting reform.

BRCP works at the enterprise level to identify and address critical competitiveness constraints that are preventing SMEs in high-potential sectors from leveraging additional investment and sales and driving increased employment. The program in turn channels this network of contacts and related knowledge base into programmatic initiatives designed to strengthen the dialogue between the private sector and vocational training and educational institutions. It also does so to improve the market relevance and job placement impact of (1) targeted training and educational programs in key skill enhancement areas, and (2) targeted job counseling and job fair initiatives with progressive local partner institutions.

C3. TECHNICAL IMPLEMENTATION

C3A. COMPONENT 1: ENTERPRISE COMPETITIVENESS

BRCP Component 1 is very closely modeled on the five-year Mauritius Business Growth Scheme (MBGS), a program funded through a loan by the World Bank to the Mauritian government in 2009 (see box). The main difference between the programs is that MBGS offers 90-10 loans to help client firms acquire specialized consulting services; BRCP does not have such a financial mechanism. Instead, BRCP subsidizes technical assistance, using a cost-share model, to help client firms receive specialized assistance needed to increase sales and generate new jobs.

Enterprise Development in Mauritius

The Mauritius Business Growth Scheme (MBGS) aims to bolster firm-level competitiveness and private-sector led growth in Mauritius. Independently managed with oversight from the Ministry of Business, Enterprise, and Cooperatives, MBGS uses a market-driven, business-centric approach to firm-level competitiveness, providing two “products” to eligible client enterprises: general management coaching and 90-10 loans to help those firms acquire specialized technical expertise to address constraints preventing increased sales and jobs. AMEG developed a case study of MBGS in 2014, which provides more detail about this model.

BRCP approached Component 1 by first identifying broad sectors that possess significant potential for job growth in Tunisia. Building on the foundations of the previous ICT Competitiveness Project (e.g., contacts, relationships, staff) BRCP contacts firms to identify

those ready to make a commitment to invest in their own growth and that of the VC and sector by individually addressing some of those identified constraints (e.g., management capacity, inefficiencies in production, inadequate certification levels). BRCP also provides technical and market outreach services designed to help integrate competitive Tunisian SMEs into international export networks, including support for trade fairs. Additionally, BRCP works with partner enterprises and progressive financial institutions to improve access to finance for SMEs and encourage financial institutions to build their capacity to effectively meet the financing needs of non-traditional SME clients (The Pragma Corporation, 2014b).

In Year 1, BRCP had a limited budget — US\$4.4 million — and an aggressive number of job targets. These resource constraints required BRCP to negotiate with its partner firms and narrowly focus its inputs on a handful of priorities.⁴ Before delivering assistance, BRCP and each partner firm must agree to a timeline (capped by BRCP), the set of activities, the number of anticipated jobs that the partner firm would create as a result of the assistance, and a percentage split in terms of cost allocations. Partner firms are expected to contribute at least 20 percent of the direct costs (e.g., consultant costs, not the costs related to BRCP's permanent staff and overhead). In some cases partner firms have underwritten a larger share.

Engaging and selecting beneficiaries. In selecting client firms, BRCP focuses generally on its priority sectors, which are reviewed and revised each year. However, BRCP maintains flexibility to work with firms outside the priority sectors if those firms possess significant potential for job creation with project support. This flexibility is important to reaching BRCP's ambitious targets and maximizing the program's cost effectiveness. BRCP staff reached out to nearly 300 firms and signed partnership agreements with approximately 100.⁵ BRCP used an application process (see Annex A) and a comprehensive survey, the purpose of which was to help firms self-identify and to verify key constraints to firm growth and productivity. As explained over the course of interviews with BRCP staff, the principal selection criterion for a BRCP business client firm is the “potential for job creation across the VC, particularly during the three-year life of the project.” The Component 1 team relies heavily on team discussion to review these criteria and select participating firms. Most importantly, client firms must meet one important benchmark (see box).

The 1,000 dinar to 1 rule

To maximize cost effectiveness, BRCP uses one key criterion for determining whether to consider a client firm for project assistance: the 1,000 to 1 rule. More specifically, the BRCP chief of party does not approve a new client unless the team is confident that the client will create at least one job for every 1,000 Tunisian dinars spent by the project (approximately \$500 U.S. dollars). This discipline helps focus BRCP's efforts on firms that possess the greatest potential for growth.

One important note: when calculating this ratio, BRCP only considers direct, variable costs — e.g., the cost to hire a consultant or hold a training. These costs do not include fixed costs (e.g., BRCP's office rent, long-term staff salaries) or indirect costs charged by the implementer.

⁴ Sartex, Socomenin, and TIS Circuit are examples of the firms visited as part of the field work conducted for this case study. A complete list is available with the project.

⁵ BRCP also uses its network of Tunisian consulting firms (who understand BRCP's emphasis on job creation) to identify potential client firms with significant potential to create jobs.

Developing assistance packages and formalizing firm partnerships. Once a client firm applies for BRCP assistance, the business advisors jointly conduct growth diagnostics with client firms and, based on this analysis, assist in developing a partnership agreement, a documented approach to addressing the top impediments to growth. Through this process, BRCP client firms have evidence-driven, formalized plans, with a timeline for increased hiring. Initial selection criteria, for both value chain and beneficiary selection, relied heavily on input from stakeholders (The Pragma Corporation, 2014b).

Finalizing Partnership Agreements

BRCP's process for developing, reviewing, and approving partnership agreements has important checks and balances to select only client firms with real potential to grow and create jobs. Before being approved, the M&E team reviews the number of jobs anticipated from BRCP assistance for realism and, importantly, can reject those figures if deemed unrealistic. Once approved by the field team, the BRCP home office manager (based in Washington D.C.) reviews the agreements and then submits the agreements to USAID for final approval. This process is critical to the success of BRCP or any other comparable program.

Mentoring and coaching. BRCP has a core team of full- and part-time Tunisia-based business advisors who mentor and coach selected client firms starting with the growth diagnostic (see previous paragraph), helping them to identify the binding constraints that are preventing increased sales, business expansion, and job growth. Depending on the complexity of the firm's challenges, implementing a partnership agreement may require more specialized consulting or technical support. To help acquire this specialised assistance, client firms apply for technical assistance support on a cost-share basis. For example, BRCP has provided specialized assistance to client firms to help them attain certifications of quality standards (e.g., ISO-9001) or help them revamp their production line to meet increased demand. Not all clients require specialized assistance. Other firms that apply may not be selected based on the nature of their growth plan. BRCP business advisors provide ongoing coaching as clients receive specialized assistance.

Subsidizing technical assistance. Specialized technical assistance provided through BRCP cost-share support depends on the specific needs of a client firm, and has few limitations. This assistance is generally provided through subcontracts to local consulting firms that have the appropriate experience and expertise for the relevant BRCP client firm. A review of existing partnership agreements provide the following illustrative forms of assistance: production planning, process engineering, marketing and branding, product design, value chain logistics, and compliance and quality management systems, among other business development services.⁶ The list below, based on the agreements reviewed and interviews conducted by the AMEG case study team during the field visit, includes specific examples of the types of assistance delivered:

- **Example 1. Certification.** Some BRCP client firms received technical support to attain specialized technical certifications, including ISO 9001, a quality management system

⁶ Partnership agreements are also referred to as Time Lines or Action Plans, and are used interchangeably. Agreements reviewed as part of this case study include those with Teleperformance Tunisia, La Fondation de l'Education pour l'Emploi Tunisie, Education for Employment (EFE) Tunisia, Institute Robert de Sorbon, Socomenin, Société des Arts Textile (SARTEX), AREX-SOTUINTEX, Afrivision.

that requires firms to codify their business processes and management systems.⁷ BRCP firms are using the process to refine and more clearly articulate their business processes, as well as to attain and maintain a certification that they can use to demonstrate the quality and consistency of their work to prospective buyers, particularly those in European markets who highly value these certifications.

Afrivision is a 24-year old company manufacturing low-cost electronic cards, harness cables, and other components for industrial, medical, aerospace, railway, lighting, and power sectors in Tunisia and Europe. Working with BRCP, Afrivision has trained and certified 16 employees in IPC-A-610, a certification for acceptability of electronic assemblies, thereby allowing the employees to take additional orders and increase the company's competitiveness by decreasing scrap rates. The factory manager shared with the case study team that he saw the impact of the training immediately with a decrease of 50 percent in the daily defect measure that is used on the factory floor. He credits increased motivation and focus in addition to improved technical skills.

- **Example 2. Internal systems.** Client enterprises can also access BRCP support to develop or upgrade internal systems, such as Enterprise Resource Planning (ERP) systems, customer relationship management (CRM), and information management systems. One BRCP client firm is Socomenin, an engineering and industrial construction firm specializing in the manufacture of steel pressure tanks, wind turbine towers, and oil and gas rigging and platforms. Socomenin employs 700 in this high-risk industry, making insurance coverage an important part of their overheads to attract the most qualified workers and increase their competitiveness. To date, their capacity has been negatively affected by a lack of organization in insurance coverage, resulting in higher costs and concerns about adequacy of coverage and plan management. BRCP provided support for a diagnostic review of the current situation, recommendations for an improved model and recruitment and training of new staff for the management of the system. Socomenin will add 14 new employees as this process unfolds, four to manage the new system, and 10 skilled technicians that are interested in improved insurance benefits. Part of a business group-wide review, Socomenin also identified the degree of manual work involved in their management information system as another obstacle to expansion. BRCP has also provided support in this regard, with technical assistance to develop a new IT system.
- **Example 3. Revamping manufacturing operations.** Other BRCP client firms have used the subsidized technical assistance to hire so-called efficiency technicians to redesign their production flow, improve systems for managing their stock (to minimize losses), or improve their quality standard procedures and manuals. In other cases, BRCP assistance has helped client firms introduce new manufacturing processes to accompany a new product line.

Mahdco (Mahdia Corseterie) is a French-Tunisian company founded in 1992 and currently employs 280 people producing lingerie and swimsuits. After participating in an earlier GIZ innovation project, Mahdco identified and prioritized four projects, two of

⁷Other examples of certification include: IPC-A-610 for acceptability of electronic assemblies, ISO-22000 for food safety, BRC Version 6, and IFS Version 6 (United Kingdom, German, and French food safety standards).

which were the installation of a new brassiere and slip production line and the introduction of lean manufacturing. BRCP partnered with Mahdco on both efforts.

- **Example 4. Marketing and assistance developing new markets.** Client enterprises have also used BRCP assistance to upgrade product lines and to enter new export markets. For example, Arex and Sotunex are two linked companies owned by the Aramys Group. As part of a group-wide consolidation, to focus on quality of collections and quick turn-around time these two companies identified sourcing and collection development as priorities. BRCP partnered with them to receive support from a management consultant specialized in the textile industry who conducted a diagnostic review of the sourcing and design process and made recommendations to improve procedures. Following this activity, once new procedures were in place, Aramys Group was willing to expand production lines, committing to hire seven new workers by March 31, 2015. At the end of January 2015, 13 new jobs had already been added. Additionally, these companies have been linked with the Access to Finance team of BRCP to potentially secure access to financial support.
- **Example 5. Business plan formulation and general management.** Other client enterprises have utilized BRCP for general support with business management, strategy development, or executive coaching. Tunis Call Center (TCC) is pursuing a growth strategy by leveraging the competitive advantages of running business process outsourcing (BPO) operations in Tunisia. Sales increased by 21 percent in 2014 and are expected to hit 30 percent in 2015. TCC is planning to expand capacity through intensive recruitment of new operators. To help supervisors manage teams efficiently, fine tune skills, and maintain quality operations TCC worked with BRCP to improve the communication and team building skills of middle management. A customized coaching workshop was provided for 11 supervisors, focusing on team building, cooperation, and efficiency in reporting. TCC expects that improvements in efficiency and competitiveness will support the hiring of 10 more operators.
- **Example 6. Skills development training.** Other client enterprises requested and received support for training and skills development. Teleperformance Tunisia (TP Tunisia) provides a wide range of customer care services in French-speaking countries. Established in 2000, they have six sites with over 5,500 employees and are considered the leading BPO business in Tunisia. Business is growing but TP Tunisia is facing challenges filling positions due to lack of access to job seekers and a declining command of the French language in the labor pool. In partnership with BRCP, TP Tunisia has addressed the manpower sourcing issues in two ways: (i) mobile jobs fairs to identify students with acceptable French language skills and a desire to work in the BPO sector; and (ii) pre-placement training consisting of French language training for those with borderline language skills, and both soft skills (employability) and customer relations. Participants will be retested at the close of the program. It is expected that TP Tunisia will fill 120 positions with program graduates in addition to establishing the pre-placement training as a new channel to help meet labor needs.
- **Example 7. Access to Finance.** Finally, BRCP's full-time finance expert provides support to a limited number of client firms to help them gain access to debt or equity

finance. For instance, the finance expert assisted Proxym IT with the application for investment from the Tunisian American Enterprise Fund. Thanks to this assistance, Proxym IT secured a \$750,000 USD investment from the Tunisian American Enterprise Fund and used the investment to expand its operations and create new jobs. The finance expert assists other client enterprises to access finance from banks and other investment funds.

C3B. COMPONENT 2: WORKFORCE DEVELOPMENT

Activities under Component 2 focus on job fairs and career development centers (CDCs) to better match potential employees with employers. Other Component 2 activities include pre-employment training and curricula development/reform. To best leverage BRCP resources for Component 2, alignment with relevant stakeholder priorities is essential. To this end, quarterly project steering committee meetings serve as a platform to unify USAID, relevant ministries, and key business associations, thereby providing for information sharing and communication about findings and the creation of a common understanding and goals.

Box 3. Component 2 Activities

- Job fairs
- Institutional support for CDCs
- Pre-employment training
- Curricula reform

Job fairs. BRCP job fairs appear to be a successful way to collaborate with other players in the arena and to get the word out about what employers are seeking, although BRCP learned in Year 1 that different sectors require different types of fair and, therefore, BRCP needs to support more focused job fairs to maximize its impact. At a job fair convened in October 2014, BRCP worked with the Confédération des Entreprises Citoyennes de Tunisie (CONNECT) and the Agence Nationale pour l'Emploi et le Travail Indépendent (ANETI) under the Ministry of Employment and Vocational Education to bring together 77 companies with more than 1,200 open positions. Nearly 2,300 job seekers attended the job fair and several of them received multiple interviews. BRCP complemented the fair with a website, JobCONNECT, which enabled jobseekers to pre-register, post their CV, and apply for positions posted on the website. This website allowed employers to post positions and seek qualified registered jobseekers for special invitation to visit their booths (for details, see <http://www.jobconnect.tn>).

A second job fair experience, targeting the BPO sector, led to different lessons. Out of 1,000 positions to be filled, only 90 were successfully matched. BRCP leadership credited bad timing and the fact that the BPO sector is not a desirable sector for job seekers or their families (see box). In response, BRCP linked up with CDCs to create a mobile job fair, wherein a van visited each of the Sousse CDC centers under the banner of that CDC. Going forward, the BRCP team indicated that they would be exploring greater collaboration between the CDCs and Component 1 activities to roll out targeted, sector, or VC-specific job fairs using the mobile model more frequently to work in new geographic areas.

Career Development Centers (CDCs). BRCP supports CDCs to function as a hub for bringing together job seekers and employers — helping better align labor supply and demand. In Tunisia, 50 percent of graduates are still unemployed one year after graduation;

that pool of more than 400,000 unemployed graduates is predicted to grow at a rate of 50,000-70,000 graduates a year. Given these statistics, CDCs can fill a critical function.

BRCP evaluated the network of six pilot CDCs established under the previous project. According to BRCP, these CDCs were based at locations selected from the approximately 200 academic institutions under the 13 public universities and one ‘Institute Supérieure’ that make up the higher education system in Tunisia (The Pragma Corporation, 2014a). The assessment revealed that four of the six CDCs had performed well — the fifth stopped functioning because of a loss of staff and the sixth did not undertake any operations.⁸ The four that were functional served a total of 360 students, and specifically, trained 230 students of whom 40 went on to find jobs.

That pilot study also asserted that CDC effectiveness, sustainability, and scalability are constrained by:

- a) Staff availability and expertise
- b) Financial resources
- c) Inadequate infrastructure such as rooms, computers, internet access and other hardware

The government of Tunisia has recognized the importance of a CDC-like function through its Centers for Innovation and Entrepreneurship — although, again, many of these are not functioning at capacity for reasons related to underfunding, management, and excessive bureaucracy. As a further testament to the Tunisian Government’s commitment to the CDC concept, a government decree (expectations were that it would be signed within a matter of days) established financial independence for CDCs within the university structure, allowing for funding to be targeted for CDCs operations. Previously there were conflicts within the structure in terms of how CDCs staff were paid, because private funding could not be used for public staff. This directive provides a framework within which dedicated funding can be used from outside sources. BRCP is also considering collaboration with additional resources such as the World Bank’s certification centers, and centers operated by the British Council, and NGOs such as Education for Employment (EFE) and AMIDEAST. Under such arrangements the operational aspects of a CDC can be shared and an improved spectrum of services offered, such as language training, work-place readiness courses, and advanced certifications.

Perceptions are Important Too

Changing perceptions about so-called blue-collar jobs in Tunisia is a long-term effort. Over the course of the field visit, the case study team heard in numerous interviews that young people in Tunisia were not interested in blue-collar jobs, and that much of this disinterest stemmed from family concerns regarding status, concerns that are deeply ingrained cultural norms. Further discussions also addressed the inherent challenge when these same young people opt out of work all together in the absence of what they perceive to be acceptable employment opportunities.

⁸The two CDCs that are inactive are Gafsa and Jendouba. [Gafsa's launched in 2013.](#)

Considering these possibilities, in Year 2, BRCP has proposed an exciting model for upgrading CDC-associated functions and activities. In particular, it is discussing a partnership with Microsoft's Career Development and Entrepreneurship program that will help to create 'certified' career counselors (see box) and also provide quality coursework on soft skills for CDC clients. The project has also provided clear suggestions on areas to join forces and how to best leverage existing CDC activities. It has outlined options that if pursued, will inject quality assurance, standardization, and monitoring into the existing CDC framework (The Pragma Corporation, 2014a).

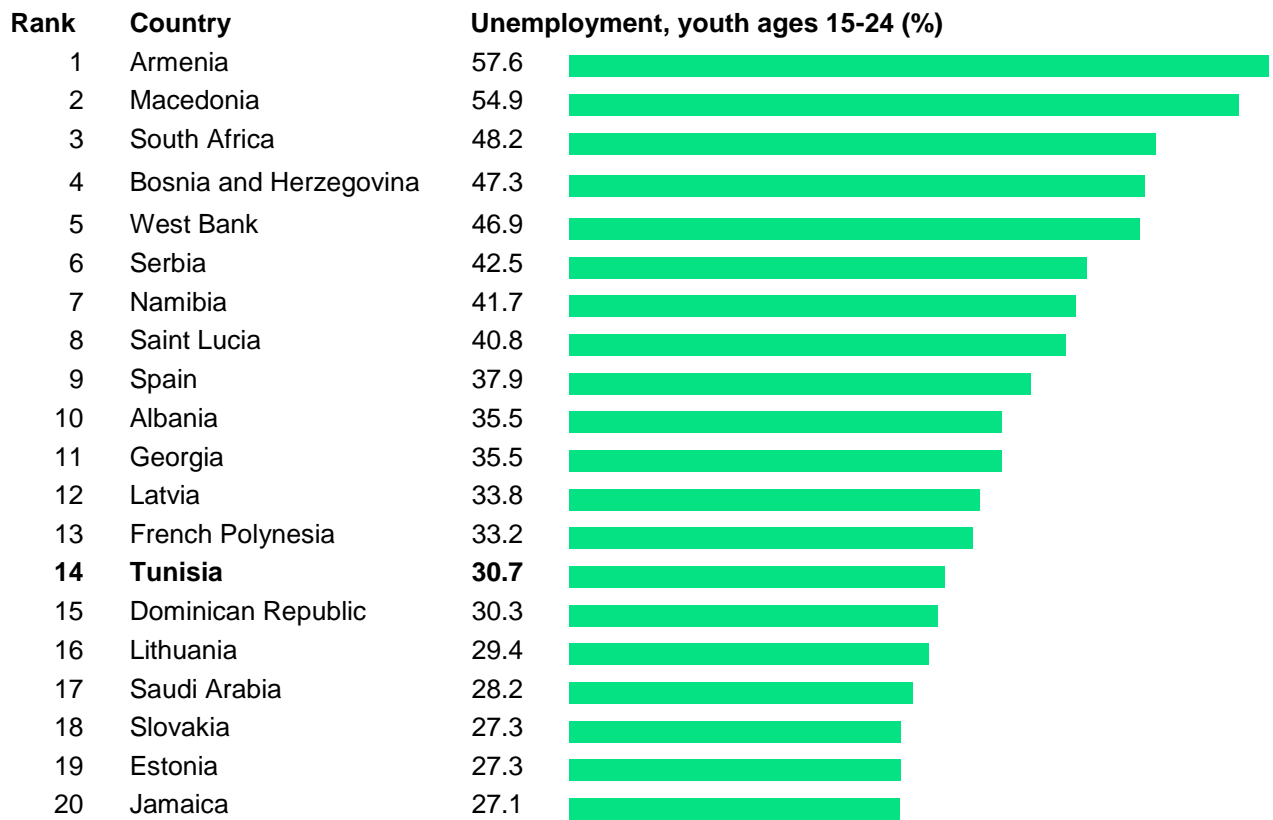
Tamheed Certification for CDC Staff

The AMEG research team met two professors, Fatuma and Vaduz, who lead the CDC at IZET Radis, which started officially in March 2015. These two professors became Tamheed certified with BRCP assistance. [The Tamheed psychometric assessment](#) helps these CDC advisors start discussion with students, "opens them up so they can bring out their hidden potential", and helps point them in a direction that is not necessarily obvious based on the academic focus.

BRCP leadership has also recognized that CDCs can be more effective if they reach out to the secondary school students and their families. Tunisia's educational system is based on the French system, wherein at the secondary school level, students staying in the educational system for four years have a choice between following an academic or a technical track. For the first two years, however, they have a common academic curriculum. Thereafter, students may follow one of five specializations, while others complete their final two years in a more vocational environment (Foreign Credits, n.d.). By the time students are enrolled in university, it is too late for them to shift their course of study. Through Component 2, the project is working to assist the Ministry of Employment and Vocational Education and the Ministry of Higher Education, Scientific Research and ICT to provide counseling to secondary school students (and by extension to their families) on non-university alternatives. That counseling may include details about career paths, job vacancies and salary options, so that more young people opt to take skills-based or trade-oriented career paths.

Curricula reform. While BRCP has been working with a CDC curriculum expert to build new content for career counseling, generally the project has found reforming existing curricula to be more effective. For example, the project has had success in revising the accounting curricula, and is currently working on developing the health curricula with the Institut Supérieure des Etudes Technologiques (ISET). The project is looking at addressing the skills gaps that cut across all business sectors and VCs, such as soft skills, business skills, IT use, and language, to establish general curricula for use across technical training areas. Finally, BRCP is supporting the development of "co-built" bachelor's and master's degrees, which are designed with active collaboration from Tunisian companies. To receive a co-built degree, students must complete internships with partner companies.

Figure 3. Youth Unemployment in Tunisia and other countries, 2012



Source: Central Intelligence Agency (CIA) World Factbook, as reported in Index Mundi (<http://www.indexmundi.com/g/r.aspx?c=ts&v=2229>)

C3C. COMPONENT 3: REGULATORY REFORM

Building on institutional momentum from the prior ICT-Competitiveness Project, initial BRCP efforts focused on tax, customs, and telecommunications reform. BRCP telecommunications reform efforts utilize an established working group led by the Ministry of Information and Communication Technology (MICT). BRCP intends to continue to lobby for the approval of reforms drafted under the previous government, such as measures to strengthen independence, improve transparency of interconnection, licensing and spectrum-allocation procedures, and support for broadband services in under-served areas of the country. Also, as classified under Component 1 and previously discussed above, BRCP works with partner enterprises and progressive financial institutions to improve access to finance for SMEs and encourage financial institutions to build their capacity to effectively meet the financing needs of non-traditional SME clients (The Pragma Corporation, 2014b). Due to the political nature of policy reform and thus the difficulty in replicating successes across MENA, Component 3 activities were not a priority for this case study.

D. IMPACT

BRCP generated some impressive results in its first year. Client firms under Component 1, in particular, are benefitting from BRCP support. The technical assistance provided by the project is helping a diverse group of firms use resources more wisely and in ways that appear

to be increasing revenue, which allows client firms to create jobs — BRCP’s ultimate objective. The following two subsections present M&E data provided by the BRCP team and a chart with examples of BRCP client firms and the impacts achieved.

D1. INDICATORS

BRCP’s regularly reported project dashboard results include the following six indicators:

- Number of enterprises with co-financed support agreements
- Number of jobs to be created under these agreements
- Number of jobs created
- Number of jobs filled through job fairs
- Number of job fairs held
- Number of CDCs receiving training

Table 2 presents the results targets for BRCP indicators at the end of Year 1.

Table 2. BRCP Dashboard: Year 1 Results and Targets		
Indicators	Result	Target
Number of enterprises with co-financed support agreements	100	80
Number of jobs to be created under these agreements	3,694	1,000 a/
Number of jobs filled through major job fairs	271	2,100 d/
Number of major job fairs held	8	10
Number of CDCs receiving training	9	6
a/ Year 1 (June 2015); life of project target equals 3,500 jobs.		
b/ Total target of jobs filled by job fairs and CDCs.		
Source: BRCP M&E data.		

Additional impact information:

- *Relationships on previous project and cost-sharing arrangements helped amplify impact in Year 1.* Despite a gap after the previous project, the project leveraged work completed on the previous project to obtain significant cost-share from clients and exceed its job creation targets for Year 1.

Confirming the veracity of jobs created. BRCP uses a three-tiered process for verifying that client companies actually created jobs. First, partner firms are required to sign a document that verifies that jobs were created due to project assistance. Second, BRCP partner firms must provide details of the new jobs created, including the new hire’s full name, identification information (date of birth, national ID card number), hiring date, and contract type. Finally, BRCP conducts periodic “spot checks” of partner firms’ human resources files (actual employment contracts, payroll records, attendance summaries) to make sure no documents were fabricated and that the person is indeed reporting to work. These checks include interviews of randomly chosen employees.

EXAMPLES OF THE BUYER-LED APPROACH IN ACTION USAID Business Reform and Competitiveness Program in Tunisia					
Client name	GECOTRAP	IBL	MAG-TEX	MSPE	Plast-Tech
Location	Tunis	Bizerte	Gafsa	Moknine	Zaghouan
Type of business	Agribusiness, specializing in food flavorings & additives	Electronics for automobiles	Textile & garment manufacturing & finishing	Manufacturing of wiring harnesses for automobiles	Technical plastics manufacturing
Binding constraint	Carrefour & other foreign buyers would buy from GECOTRAP, but only if it improved its food quality standards & obtained food quality & safety certifications.	New customers in Germany, France, & Switzerland would buy from IBL, but only if it complied with stringent requirements, including for enameled electric wire welding.	Benneton, a global fashion brand, committed to increasing orders by 55 percent. But MAG-TEX could not sell that much unless it improved production management & quality control.	Main customer would buy more from MSPE, but only if it reduced response time from 72 to 48 hours & improved delivery time performance from 90 to 98 percent.	PLAST-TECH could become regular supplier of new significant buyer only if it implemented world-class automotive quality standards.
Solution	BRCP helped GECOTRAP establish certified quality management system ISO-9001 & ISO-22000.	BRCP helped IBL meet Integrated Printed Circuit global standards.	BRCP helped MAG-TEX establish management information system & implement improved quality standards, work procedures, & dashboard system.	BRCP helped MSPE develop & use new Enterprise Resources Planning module (Electronic Data Interchange).	BRCP helped PLAST-TECH implement ISO/TS 16949 v 2009 standards.
New jobs created	25	70	40	58	25
Take-away lessons	“Demand-driven” is not just a mantra. Specific demands – orders – drive sales growth.				
	As a rule, increases in sales drive increases in jobs.				
	One size does not fit all: clients’ binding constraints vary significantly by firm, even within a sector.				
	You don’t have to help a client improve everything: focus on the binding constraint(s).				

- *Challenging the attribution and additionality of jobs.* The BRCP team told the case study team that, in addition to confirming the veracity of jobs created (previous bullet), they also scrutinize the attribution of jobs. To do this, there must be a clear link between the assistance provided by BRCP, the improved performance of the client business, and the creation of jobs as a result of that enhanced performance. There have been multiple instances in which the team reduced the number of jobs attributed to project activities. In addition, BRCP considers the “additionality” of their assistance by asking themselves the question “would the client have made these changes if BRCP did not exist?” The AMEG research team recommended that BRCP add this into a checklist that can be used before accepting a new client enterprise (see Annex C of the accompanying Enterprise Competitiveness Technical Guide).
- *Lack of detail about jobs created.* There does not appear to be much contextualization of the jobs created with BRCP support. For instance, information on the quality of job and type of contract is not collected. There are three types of contracts under which BRCP considers employment a ‘job’: (i) fixed-term contract, which is one year with a renewal allowed two times; (ii) a one-year trial contract for recent graduates (employer does not pay social security for the year); (iii) contract of indefinite duration, which is permanent employment (Lange, 2015). Under the current M&E system and defined indicators, there is no way to identify the contract type and, therefore, how many of these jobs will in fact outlast the project. There is reason for concern: 24 percent of graduates who had a fixed-term contract in 2006 were unemployed in 2008 (Angel-Urdinola, D.F. et al., 2014).
- *Vast majority of impact stemming from Component 1 activities.* The overwhelming majority of jobs created with BRCP assistance come from firm-level assistance under Component 1 — 3,694 jobs of 3,965 total jobs created. Component 2 “matched” employers with 271 new employees in Year 1. It is likely that Component 2 cost effectiveness will increase in Year 2 and 3 of BRCP, given the amount of time and resources required to build momentum. However, it is worth noting that Component 2 “matches” employers with new employees. This is a positive outcome from USAID’s perspective, but it is less sustainable than jobs “created” under Component 1. If an employee quits a job created with Component 1 support, BRCP’s impact will endure because the client firm will hire a new employee.
- *Data collection challenges for job matching activities.* The BRCP supported job fairs may be helping more unemployed Tunisians find jobs than the official M&E numbers indicate. BRCP staff noted that an employer could meet a candidate at a job fair, but not hire them until well after the job fair takes place. It is time consuming and difficult to follow up with each company that attends a job fair and, as such, these numbers might be a bit underreported.
- *BRCP is conservative with its reported jobs.* In Year 1, BRCP counted jobs created only as formal, full-time positions in BRCP client firms. That methodology worked very well, and AMEG applauds this conservative approach. As the project expands and matures, it must decide how to account not only for full-time positions that run more than one year but part-time work attributable to the project’s support. Projects in other countries have used the full-time equivalent (FTE) employment methodology in such cases. In brief, projects using the FTE methodology collect employment data in person-days, which they

convert to person years (jobs) afterwards. This approach would allow BRCP to capture part-time employment on the factory floor and jobs created by a client firm's suppliers.

D2. COST PER JOB CALCULATIONS

In just its first year of operations, BRCP generated a total of 3,965 jobs at a total cost of \$5.284 million, or \$1,333 per job, a ratio that stacks up very well against other enterprise projects worldwide, especially projects not predominantly agricultural in the types of businesses they support (see Technical Guide for more information).

The \$1,333 cost-per-job calculation is misleading, however, in that both its numerator and denominator contain apples and oranges. In the numerator, the total cost of \$5.284 million is the sum of the fully loaded costs associated with the project's three components: Component 1 (job creation), \$3.635 million; Component 2 (job matching), \$0.823 million; and Component 3 (enabling environment), \$0.827 million. Component 3 had little to do with the jobs generated in Year 1, so, all other things equal, including it in cost-per-job calculations overstates how much it took to bring the jobs in question about.

In a similar vein, the denominator includes 3,965 jobs "generated" during Year 1, which includes 3,694 jobs "created" under Component 1 and 271 jobs "matched" under Component 2. Jobs "created" are not the same thing as jobs "matched." Jobs "created" are jobs that business clients opened up in Year 1 as a consequence of the problem-solving support they received under Component 1 and the M&E team verified independently as real and full-time. In contrast, jobs "matched" are the placements that resulted from work under Component 2 — from job fairs, for example. In this case, a placement is a placement whether the job in question lasted a year or a few days. To be sure we are comparing apples with apples and oranges with oranges, therefore, some more nuanced calculations are in order.

Isolating Component 1, BRCP created 3,694 jobs at a cost of \$3.635 million, or \$984 per job, a ratio even more favorable than the initial calculation above. Conversely, by isolating Component 2, BRCP generated 271 job placements at a cost of \$0.823 million, or \$3,037 per job. It is tempting to conclude from these calculations that Component 1 is three times more cost-effective than Component 2, but, again, the calculations compare apples and oranges. That said, neither USAID nor the BRCP team sees the two components as separate. Rather, they view the tasks as symbiotic, with feedback loops running back and forth between them. The two tasks are so intertwined, in fact, that calculating cost per job separately for Component 1 arguably exaggerates its cost-effectiveness. Probably the most conservative and fair ratio to use is that of total Component 1 jobs to the combined fully loaded costs of Components 1 and 2. That ratio is **\$1,207 per job**.

E. KEY FINDINGS AND LESSONS LEARNED

BRCP exceeded many of its Year 1 targets, particularly its job figures. Yet, given the limited experience of the program, the BRCP team is still learning lessons and finding new ways to maximize results. This section presents the case study team's key findings and lessons learned, which aim to help USAID officials across MENA to create more impactful job creation programs and help BRCP generate even greater impacts in the future. The findings

focus primarily on BRCP Component 1 activities, because the overwhelming majority of jobs created by BRCP have been generated by Component 1 activities.

E1. PROJECT DESIGN AND MANAGEMENT

Longer-term timeline would allow deeper, more sustainable impacts. One of the foremost limiting factors for BRCP is the project timeline; BRCP is a one-year project with two, one-year option years for USAID to extend the program (three years total, if all option years are exercised). This 1-1-1 timeframe limits the activities considered by component leads, and results in interventions that are treated as one-year cycles.⁹ In turn, the BRCP team is incentivized to invest in activities that generate impact in less than 12 months. A longer timeline would ensure BRCP is not penalized for supporting a balanced mix of beneficiary firms — some that can generate jobs quickly and some that require more than a year to create jobs, but possess other desirable attributes (e.g., they are in an economically depressed part of Tunisia or have the potential to create an exceptional number of jobs). A longer timeframe allows the implementer to establish more efficient workflows and systems, build stronger partnerships with local stakeholders, and pursue other long-term, strategic interventions, such as policy/institutional reforms and stronger VC linkages.

“Private sector” approach requires flexibility, creativity, and autonomy. To be effective and embody a “private-sector” style approach, the implementer of BRCP-style firm level competitiveness activities should be held accountable for results but given autonomy to capitalize on opportunities. This includes (1) autonomy given to the implementer by USAID and (2) autonomy given to project staff (particularly the business advisors in BRCP’s case) by the chief of party and other staff in leadership positions. Program staff must be empowered to make many decisions and solve problems quickly in the field. With this flexibility, they should be held accountable for results by a robust, independent M&E team.

The relationship between USAID and BRCP has been important to the program’s success in this regard. USAID has engaged BRCP actively in technical implementation, but has created the space for innovation and flexibility. When the Component 2 BPO Job Fair did not go as hoped or planned, the team debriefed and developed an innovative response in the mobile job fair model, leveraging relationships with CDCs to expand the impact of the job fair activity. Additionally, when the legal advisors began working with the microfinance NGO ENDA to provide guidance to members on formalization (business registration), they saw an opportunity for Component 1 mentoring and coaching, and reached out to the Component 1 team to develop relevant training. Going forward, BRCP should help project staff identify touch points for integrating activities across components in a more systematic manner.

Integrating enterprise-level assistance with other activities will create multiplier effect. BRCP has many moving parts and inter-related activities. For any USAID mission looking to replicate BRCP, it is important to promote synergies and a non-compartmentalized organizational structure. Ideally, Components 2 and 3 respond to the workforce and policy needs identified by BRCP partner firms in Component 1. BRCP links Component 2 workforce development to Component 1 partners and stakeholders to identify skill areas

⁹ Over the course of the field visit, a one-year outlook and measure was used repeatedly across the project. Functionally, the project has been operating as a single year venture.

requiring upgrading. “The program in turn channels this network of contacts and related knowledge base into programmatic initiatives designed to strengthen the dialogue between the private sector and vocational training and educational institutions; and to improve the market relevance and job placement impact of (1) targeted training and educational programs in key skill enhancement areas, and (2) targeted job counseling and job fair initiatives with progressive local partner institutions” (Pragma Corporation, 2014b, p. 2). This is easier said than done and needs to be emphasized at all phases of program design and implementation.

Strong managers with business experience is critical. Enterprise development programs are most successful when their leadership teams (1) offer substantial experience in the private-sector and (2) they “get” and fully embrace the demand-driven approach. This is critical because it elevates the program’s credibility; business leaders are more likely to receive assistance from someone who knows how to operate a business. It is okay, however, if the chief of party is not a former business person. The chief of party must buy in to the demand-driven, private-sector led model that is needed to maximize impact. Anyone likely to promote “supply-push” solutions should not be considered for a leadership position.

BRCP places a premium on business advisors with international experience. This is helpful because client firms are often attempting to access new international markets. Other ideal characteristics of a business advisor team includes: an ability to help businesses identify demand and then develop solutions to meet that demand; a diverse set of skills, preferably with some experience in major sectors; and (potentially most important) people who are creative problem solvers — not people who gravitate to one solution.

Aggressive targets and disciplined decision making maximize impact. Setting targets is a difficult task. Most USAID projects have targets. When things get tough, though, it is common to move the goalposts. That is not true in BRCP. Leadership, both within USAID and the project itself, has set ambitious but achievable jobs targets that they have made clear they expect the team to meet. In addition, BRCP does not simply tally up results after they happen; it asks hard cost-effectiveness questions beforehand. Specifically, if the cost per job under a potential partnership agreement is likely to exceed 1,000 TND (~\$500 USD), it goes back and takes a second look at the economic attractiveness of the proposed support. Put another way, the project not only says yes to potential clients; it says no, too.

E2. PROGRAM IMPLEMENTATION

Developing a shared vision between project and clients is key. Component 1 staff have successfully created a trusted BRCP brand using a customer-centric approach. The team has a standardized process for developing solutions jointly with beneficiary firms, ensuring joint ownership of the changes made within firms from the beginning. Cost sharing arrangements further solidify co-ownership of BRCP supported improvements. In addition, BRCP’s emphasis on cost-effectiveness encourages the team to maximize its use of Tunisian consultants. By building on established reputations and relationships from the previous phase of the project, and further cementing local approval through a rapid-response approach, BRCP has set itself apart from other donor projects as being flexible, nimble, and in tune with client needs. Harnessing the appropriate expertise (local and international) has meant

that the project is viewed as an impartial provider of quality services. This is important for BRCP's credibility and ability to align incentives between firms and BRCP.

Standardized policies and procedures promote transparency. It is important that BRCP and similar competitiveness programs institute policies and procedures that discourage favoritism — particularly in the selection process. The need to prevent favoritism could be an even greater issue in other, less developed MENA countries. To discourage this, at the beginning of the project, the implementer should invest in a major outreach campaign; the more widely this information is disseminated, the less likely that firms who have connections to project staff will be in a favorable position. In addition, the process for selecting beneficiary firms should be documented, transparent, and as objective as possible — focusing solely on the potential to help firms create jobs that pass the veracity, causality, additionality test.

Institute policies and practices that reduce the incentive to “cream-skim”. Skeptics of BRCP-style firm-level competitiveness programs often cite the incentive to “cream-skim” — supporting firms that would grow regardless of project support and claiming that the increased jobs and sales are a result of project assistance. In Tunisia, the case study team did not find this to be the case — before delivering assistance, BRCP questions its additionality by making sure proposed activities help a firm make changes that either (1) they did not previously plan to make or (2) would not have made until years later. However, to be safe, AMEG recommends that BRCP begin using a check-list to confirm that program assistance is being used to make changes that would not otherwise have occurred (see Annex C of the accompanying Enterprise Competitiveness Technical Guide).

Consistent branding and a well-defined project identity help maximize outreach. BRCP's implementation benefits from a common, unified understanding of the project's purpose and consistent use of terminology. In the case of BRCP, all staff know that “creating jobs” is the primary objective of the program. By creating a common language, enterprise competitiveness projects can more easily collaborate across components, communicate with external stakeholders, and elevate the project's “brand” — which is critical to securing the trust of businesses and increasing the size of the program's portfolio. Also, it is important that the project's brand focuses on the initiative and USAID, rather than the implementer, so that USAID can maintain its reputation and continue good work regardless of a change in implementers or a transition to a local entity.

M&E is a key tool for holding the team accountable and keeping firm-level activities focused. Given the results-focused nature of BRCP, it is critical to do M&E the right way. In particular, BRCP has an M&E team that is independent from the influence of the business advisors, who are incentivized (as they should be) to help their clients create as many jobs as possible. On BRCP, the M&E manager is the “bad guy” — empowered to question and reject any of the employment numbers claimed by the business advisors. In addition, it is important that the M&E data are transparent.

Trust-building with clients. The team's business advisors know well that one-shot visits or trainings are not enough to nudge clients to make the hard changes required to expand their operations and hire more people. That requires trust, and trust requires more than passing personal contact. The BRCP team is willing to put in the time to build that trust.

F. CONSIDERATIONS FOR REPLICATION

The AMEG research believes the BRCP enterprise competitiveness model could be replicated in many other countries. However, there are several factors in the case of Tunisia that have allowed BRCP to achieve such impressive cost effective impacts in Year 1. When setting targets and expectations, USAID should consider the following three overarching criteria: (1) market dynamics and opportunities, (2) country stability, and (3) past and present donor programming. These are discussed in more detail below.

F1. COUNTRY CHARACTERISTICS

Culture of entrepreneurship and a tradition of exporting. Despite many challenges facing the private-sector (see Section A), Tunisians are known historically for being business-savvy and entrepreneurial. The country has strong ties to Europe and has a tradition of trading goods and services internationally. These strong ties have helped BRCP achieve successes in a shorter period of time than may have been possible in other countries.

A strong, local business consulting market. Similarly, the BRCP team noted that the presence of a strong local consulting market has been important to the program's success. Indeed, Tunisian consulting firms and consultants have delivered the majority of specialized assistance to client firms. Using local consultants is more cost effective than bringing international expertise to Tunisia to assist client firms. In addition, the use of local consultants allows BRCP to scale its support to an increasing number of client firms without straining the team's already limited time.

Highly educated workforce, but mismatch between skills attained and demanded in market. Tunisians place a significant value on education and higher-education is free for all Tunisian citizens. As a result, the workforce is highly educated. Yet there are major mismatches between skills attained through the education system and those demanded by private employers. Unemployment among college graduates is around 30 percent, and overall youth unemployment is as high as 40 percent according to the World Bank. Compounding the unemployment rate for youth is a culture that frowns upon those willing to take jobs that are not viewed as prestigious — common across MENA.

Perceptions about so-called blue-collar jobs in Tunisia and youth aspirations. Over the course of the field visit, the case study team heard in numerous interviews that young people in Tunisia were not interested in blue-collar jobs, and that much of this disinterest stemmed from family concerns regarding status, concerns that are deeply ingrained cultural norms. Further discussions also addressed the inherent challenge when these same young people opt out of work all together in the absence of what they perceive to be acceptable employment opportunities. While BRCP has made impressive impacts in a short time horizon, these cultural issues will take years to overcome in Tunisia and other MENA countries.

F2. MARKET DYNAMICS

Proximity to large market provides ample opportunities for business growth. Almost every BRCP company interviewed through this research cited European countries as the market where they see opportunities for business expansion. Lebanon is probably similarly well

positioned; it has easy access to a huge market and is culturally very connected to the West. Most countries in MENA have a favorable geographic location in this regard.

Talented local business advisors is important. To ensure BRCP or a similar program is adding value to its client firms, it must be providing high quality advice that will actually help those businesses grow. USAID experience is not important for these individuals. On a similar USAID competitiveness program in Bangladesh, the JOBS program hired young professionals who recently completed their Master's in Business Administration. Business advisors have a clear value in private markets and will often be recruited to private-sector consulting firms, where those types of companies exist. To hire and retain this talent, it is important that USAID and its implementing partners are willing to give competitive compensation packages and other incentives.

Formal vs. informal businesses. BRCP only works with registered companies. In some countries, the gray economy is so large that it may be difficult to find registered companies or informal businesses that are ready to transition into a formal business. Ideally, the program would have flexibility to work with both formal and informal businesses (to capitalize on the best opportunities, regardless of where they exist), but this is not always a viable option for USAID.

F3. STABILITY

Baseline level of security is a necessity. This model is best suited for countries that enjoy a relatively stable context. Business advisors need to spend lots of time in the field, working with clients face to face. As such, the freedom to travel is important. It is possible to put business advisors in field offices to facilitate travel to clients, if the context requires it. The program needs to deliver training, often in person. Online training can account for some of that, but has limitations. Likewise, M&E staff must be able to visit client firms to verify data related to business performance and employment outcomes.

BRCP model could be logical transition from Office of Transition Initiatives (OTI) Programs. The research team believes the BRCP model could be a logical next step after OTI programs have been able to secure a baseline amount of stability. A BRCP-style approach could then focus investment and programmatic attention after OTI has helped businesses stabilize.

ANNEX A

ENTERPRISE APPLICATION FORM

<p align="center">Business Reform & Competitiveness Project Rue du lac Lemman, Immeuble Harthoma, apt C5.C6 LES BERGES DU LAC, 1050 TUNIS, Tunisia Tel. Email: Website: Facebook:</p>

BASIC DATA ABOUT ENTERPRISE (short-form)

Name of Enterprise:	
Contact Person:	
Position title:	
Business Registration Number:	
Business Address:	
Tel:	Email:
Mobile:	Website (if any):
Status of Enterprise:	Operational <input type="checkbox"/> Not yet operational (startup) <input type="checkbox"/>
Legal category of business	
Year of Establishment:	
Sector of Activity	
Products / services	
Total Annual Sales 2013: Exports (if any): Sales 2013: Markets:	
Employment (current full-time)	Local: Male <input type="checkbox"/> Female <input type="checkbox"/> Expatriates <input type="text"/>
Competitors : Domestic: International:	
Sales growth potential: What are constraints on doubling annual sales within 2 to 3 years?	
Technical assistance needs to increase sales:	
Employment potential: How many new jobs would you fill during next 12 months with technical assistance indicated above?	

Training needs for current employees	
Training needs for job candidates:	
Education/training of job candidates: what are biggest deficiencies in education of job candidates?	
Education/Training Quality: How would you rate the general quality of education/training for job seekers in your industry?	1 (very bad) to 5 (excellent)
Education/training institutions: Does your firm work with them to prepare job candidates?	
Hiring: What methods in order of importance do you use for hiring new employees?	
Hiring: what are the biggest obstacles to finding qualified candidates?	
Job fairs: How useful? Why?	1 (not useful) to 5 (very useful)
Virtual job fairs: How useful? Why?	1 (not useful) to 5 (very useful)
Career Development Centers: Do you work with Career Development Centers to find job candidates?	
Banks / financial institutions working with:	
Financial products/services used:	
Financial products: How would you rate the cost of the products/services you use?	
Financial products needed but not available/too expensive	

BASIC ENTERPRISE INFORMATION

General Information	
Name of Enterprise:	
Business Address:	
Tel:	Fax:
Contact Person:	
Website (if any):	
Position title:	
Mobile:	Email:

Activity Information																							
Year of Establishment																							
Value Chain/Market System of Activity	<ul style="list-style-type: none"> – Aeronautics – Agribusiness – Automotive – Building materials/Construction – Business Processing Outsourcing – Electronics/Electrical Supplies – Fast-Moving Consumer Goods – Handicrafts – Healthcare – Hospitality/Tourism – ICT – Plastics – Textiles and garments – Other 																						
Type of Business	<ul style="list-style-type: none"> – Manufacturing/Production – Wholesale/Retail – Services – Other 																						
Product/ services																							
Facility location(s)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td rowspan="7" style="text-align: center; vertical-align: middle;">NORD EST</td> <td>Tunis</td> </tr> <tr> <td>Ariana</td> </tr> <tr> <td>Ben Arous</td> </tr> <tr> <td>Mannouba</td> </tr> <tr> <td>Nabeul</td> </tr> <tr> <td>Zaghouan</td> </tr> <tr> <td>Bizerte</td> </tr> <tr> <td rowspan="4" style="text-align: center; vertical-align: middle;">NORD OUEST</td> <td>Beja</td> </tr> <tr> <td>Jendouba</td> </tr> <tr> <td>Le Kef</td> </tr> <tr> <td>Siliana</td> </tr> <tr> <td rowspan="4" style="text-align: center; vertical-align: middle;">CENTRE EST</td> <td>Sousse</td> </tr> <tr> <td>Monastir</td> </tr> <tr> <td>Mahdia</td> </tr> <tr> <td>Sfax</td> </tr> <tr> <td rowspan="2" style="text-align: center; vertical-align: middle;">CENTRE OUEST</td> <td>Kairouan</td> </tr> <tr> <td>Kasserine</td> </tr> </tbody> </table>		NORD EST	Tunis	Ariana	Ben Arous	Mannouba	Nabeul	Zaghouan	Bizerte	NORD OUEST	Beja	Jendouba	Le Kef	Siliana	CENTRE EST	Sousse	Monastir	Mahdia	Sfax	CENTRE OUEST	Kairouan	Kasserine
NORD EST	Tunis																						
	Ariana																						
	Ben Arous																						
	Mannouba																						
	Nabeul																						
	Zaghouan																						
	Bizerte																						
NORD OUEST	Beja																						
	Jendouba																						
	Le Kef																						
	Siliana																						
CENTRE EST	Sousse																						
	Monastir																						
	Mahdia																						
	Sfax																						
CENTRE OUEST	Kairouan																						
	Kasserine																						

		Sidi Bouzid	
	SUD EST	Gabes	
		Medenine	
		Tataouine	
	SUD OUEST	Gafsa	
		Tozeur	
		Kebeli	
Employment Information			
Total number of current employees	<ul style="list-style-type: none"> – Highly-skilled: Managers, professional occupations – Skilled: Technicians, associate professionals, trade workers – Semi-skilled: Clerks, service & sales workers, agriculture workers – Elementary: Machinery operators & assemblers, laborers Total:		
Expected jobs to be added in next 12 months	<ul style="list-style-type: none"> – Highly-skilled: Managers, professional occupations – Skilled: Technicians, associate professionals, trade workers – Semi-skilled: Clerks, service & sales workers, agriculture workers – Elementary: Machinery operators & assemblers, laborers Total:		
Training needs for new hires	<ul style="list-style-type: none"> – Technical skills (specify) – “Soft skills” (specify) 		
How available are job candidates in these categories? 1 = Not available 5 = Very available	<ul style="list-style-type: none"> – Highly-skilled: Managers, professional occupations – Skilled: Technicians, associate professionals, trade workers – Semi-skilled: Clerks, service & sales workers, agriculture workers – Elementary: Machinery operators & assemblers, laborers 		
How would you rate the skills of job seekers in these job categories? 1 = Not very skilled 5 = Very well skilled	<ul style="list-style-type: none"> – Highly-skilled: – Skilled: – Semi-skilled: – Elementary: 	Technical skills	Soft skills
How do you fill skills gaps?	<ul style="list-style-type: none"> – On the job training – Outside training providers – Other (specify) 		
Job fairs: How useful are job fairs? Explain:	1 (not useful) to 5 (very useful)		
Virtual job fairs (web job platforms): How useful? Explain:	1 (not useful) to 5 (very useful)		
Career Development Centers: Do you work with Career Development Centers to find job candidates? How effective are CDCs in your experience?	1 (almost never) to 5 (routinely) 1 (not useful) to 5 (very useful) O=don't know		

Market Information

Total Revenues	<ul style="list-style-type: none"> – 2012 – 2013 – 2014 (expected) – 2015 (expected)
Revenue growth potential: What are constraints on doubling annual sales within 2 to 3 years?	<ul style="list-style-type: none"> – Competition – Lack of skilled workforce – Legal/regulatory obstacles – Lack of finance – Other
Main target markets	<ul style="list-style-type: none"> – Domestic – Overseas (specify)
Main competitors	<ul style="list-style-type: none"> – Domestic – International
Degree of competition	I (not competitive) to 5 (very competitive)
Technical assistance categories to increase revenues	<ul style="list-style-type: none"> – Strategic/business planning – Marketing & sales – Production & quality management – Accounting & financial management – Tax & legal/regulatory – Other (specify)

Access to Finance Information			
		Have Used	Interested/Would like to use
What types of Financial Products has your business used in the past to support your business and import/export trade financing needs:	<ul style="list-style-type: none"> – Letters of Credit (L/C) – Bank Guarantees / Bond Financing for payments – Export Credit Insurance – Buyer Financing – Working Capital credit line (secured) – Working Capital credit line (unsecured) – Factoring – Leasing – Long-term loans (equipment/facilities) – Loans (for production inputs) – Government loan programs – Self-financed (family savings) – Islamic Banking products – Other (specify) 		
Are your working capital levels adequately meeting your firm's current needs?	<ul style="list-style-type: none"> – Yes – No 		
How are your cross-border payments transactions conducted:	<ul style="list-style-type: none"> – Cash – Wire transfer – Inter-bank transfer – Internet-based payment – Other (specify) 		
If you do not currently borrow from banks, what are the reasons?	<ul style="list-style-type: none"> – Applied for loan but was rejected – Did not apply because interest rates too high – Complicated or time consuming loan application procedures – Business too small or lacks track record to qualify for loans from bank – Business not properly registered or licensed to qualify for loans from bank – Business has sufficient capital and doesn't need loans – Burdensome collateral requirements – Not enough collateral for bank – Bank undervalues our collateral 		

	<ul style="list-style-type: none"> – Too many documents required – Afraid of losing our assets – High interest rates and other costs – Banks have too many requirements – Don't trust banks – Interest rates on bank loans too high – Don't want additional liability/debt for business – Friends and family have enough lending capital – Personal/religious conviction – Other (specify)
If you answered “applied to loan but was rejected,” what was the reason for the rejection?	<ul style="list-style-type: none"> – Weak business plan – Weak collateral – Other <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <i>Explain other:</i> </div>
What types of Financial Products and Services does your business need to conduct business operations and import/export trade across borders?: (check all that apply)	<ul style="list-style-type: none"> – Import/export financing to cover cash transactions between buyer and seller – Loan for business equipment/facilities/transport needs – Loan for business production/input needs – Working Capital for business operations – Purchase/delivery order financing – Credit or debit card service – Access to ATM – E-Banking Services – Foreign exchange services – Financial advice – Insurance – Factoring – Leasing – Information about what kinds of financial products and services are available – Other (specify)

Value Chain and Enabling Environment Information

Industry Federation: Are you an active member? (give name)	
Industry Federation: How effective is the Federation in these areas? 1 (not very effective) to 5 (very effective)	<ul style="list-style-type: none"> - Advocacy - Developing markets - Member services - Improving workforce qualifications - Other (specify)
Chamber of Commerce: Are you an active member? (give name)	
Chamber of Commerce: How effective is the Federation in these areas? 1 (not very effective) to 5 (very effective)	<ul style="list-style-type: none"> - Advocacy - Member services - Other (specify)

Score extent to which each item is an obstacle	Not an obstacle	Minor obstacle	Medium obstacle	Major obstacle	Severe obstacle	Not applicable
Lack of efficient supply chain	1	2	3	4	5	0
Lack of customers/links to markets	1	2	3	4	5	0
Tax system	1	2	3	4	5	0
Policy instability	1	2	3	4	5	0
Capital/currency controls	1	2	3	4	5	0
Export rules/regulations	1	2	3	4	5	0
Competition from informal sector	1	2	3	4	5	0
Customs regime	1	2	3	4	5	0
Permits & licences	1	2	3	4	5	0
Lack of access to finance	1	2	3	4	5	0
Restrictive labor regulations	1	2	3	4	5	0
Quality of workforce	1	2	3	4	5	0
Inflation/economic instability	1	2	3	4	5	0
Innovation & Research	1	2	3	4	5	0
Other (specify)	1	2	3	4	5	0

List the 5 most severe obstacles in order of importance

- 1.
- 2.
- 3.
- 4.
- 5.

Other Notes/Comments:

REFERENCES

- Angel-Urdinola, D.F., Nucifora, A., & Robalino, D. (eds.) (2014). *Labor policy to promote good jobs in Tunisia: revisiting labor regulation, social security, and active labor market programs*. English. Directions in Development: Human Development Report #92871. Retrieved from The World Bank website http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/12/02/000456286_20141202115930/Rendered/PDF/928710PUB0Box3021027109781464802713.pdf
- Bohlander, M. (2013). The Youth Unemployment Crisis in Tunisia. [Web log comment]. Retrieved from <http://www.cipe.org/blog/2013/11/18/the-youth-unemployment-crisis-in-tunisia/#.VTZy70uHUds>
- Chemonics International. (2014). *Case study of Mauritius revolving loan fund for technical assistance*. Retrieved from AMEG Project website: http://www.amegproject.org/sites/default/files/AMEG_Mauritius_Business_Growth_Case%20Study_Final.pdf
- Erlanger, S. (2012). Young, Educated and Jobless in France. *The New York Times*. December 2. Retrieved from http://www.nytimes.com/2012/12/03/world/europe/young-and-educated-in-france-find-employment-elusive.html?_r=1
- Foreign Credits. (n.d.). *Classbase. Education database: Education system in Tunisia*. Retrieved from <http://www.classbase.com/countries/Tunisia/Education-System>
- Gatti, R., Morgandi, M., Grun, R., Brodmann, S., Angel-Urdinola, D., Moreno, J. M., Marotta, D., Shiffbauer, M., Lorenzo, E. M. (2013). *Jobs for shared prosperity: Time for action in the Middle East and North Africa*. Washington, D.C.: The World Bank. Retrieved from http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/05/02/000445729_20130502151249/Rendered/PDF/772290PUB0EPI00C00pub0date040250130.pdf
- Hsieh, C. T., & Olken, B. A. (2014). *The missing "missing middle"*. Working Paper No. 19966. National Bureau of Economic Research.
- International Labor Organization. (2011). *Tunisia: A new social contract for fair and equitable growth*. Studies on growth with equity. Retrieved from http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_164544.pdf

- Jütting, J., Parlevliet, J., and Xenogiani, T. (2008). *Informal employment re-loaded*. OECD Development Centre Working Paper No. 266. January. Retrieved from http://www.oecd-ilibrary.org/development/informal-employment-re-loaded_245657753644
- Kapstein, E. B., Kim, R., & Eggeling, H. (2012). *Modeling the socio-economic impact of potential IFC investments in Tunisia. Final report*. November. International Finance Corporation and Steward Redqueen. Retrieved from http://www.ifc.org/wps/wcm/connect/2e4d4a004e351a2387bbaf7a9dd66321/SEIA+IFC+Tunisia_FINAL+REPORT_19Dec2012.pdf?MOD=AJPERES
- Kula, O., Downing, J., & Field, M. (2006). *Globalization and the Small Firm: A Value Chain Approach to Economic Growth and Poverty Reduction*. (Microreport #42). Retrieved from USAID Microlinks website: <https://www.microlinks.org/library/globalization-and-small-firm-value-chain-approach-economic-growth-and-poverty-reduction>
- Lange, J. (2015). *Draft trip report – final. Tunisia mission to monitor USAID economic growth program, December 7-18, 2014*.
- Rijkers, B., Freund, C., & Nucifora, A. (2014). *The perils of industrial policy: Evidence from Tunisia*. Retrieved from http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/PerilsofIndustrialPolicy_Tunisia.pdf
- Riordan, J.T. (2011). *Determinants of the Cost-Effectiveness of Business Approaches to International Development in Generating Employment: A Cross-Country Analysis*.
- Ryan, J. (2011). *Tunisian revolution yet to resolve inequality*. April 11. Al Jazeera. Retrieved from <http://www.aljazeera.com/indepth/features/2011/03/2011331172249350413.html>
- The Pragma Corporation. (2014a). *Career development centers: Global activity report*. Business Reform & Competitiveness Project. Report 2013/2014. August.
- The Pragma Corporation. (2014b). *Tunisia ICT-Enabled Business Reform and Competitiveness Project: Quarterly report. Quarter II ending September 30, 2014*. September 10.
- The Pragma Corporation. (2014c). *RFQ #SOL-OAA-13-000087 - Tunisia EG ICT-Enabled Business Reform and Competitiveness Project. Technical Approach*. Draft.
- The Pragma Corporation. (2015). *Tunisia ICT-Enabled Business Reform and Competitiveness Project: Annual Report*. Year 1, ending April 2015.
- Srebernik, D. (2014). *Inequality and Corruption: Drivers of Tunisia's Revolution*. "Student Pulse, 6(10). Retrieved from <http://www.studentpulse.com/a?id=924>

- The World Bank. (2014a). *Investment climate assessment: Enterprises' perception in post revolution. Tunisia*. February. No. 89038. Retrieved from http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2014/06/26/000333037_20140626103902/Rendered/PDF/890380ESW0P1280385264B00PUBLIC00A CS.pdf
- The World Bank. (2014b). *Tunisia: Development Policy Review. The Unfinished Revolution: Bringing Opportunity, Good Jobs and Shared Prosperity*. Development Policy Review No. 86179. Retrieved from <http://documents.worldbank.org/curated/en/2014/05/20211980/unfinished-revolution-bringing-opportunity-good-jobs-greater-wealth-all-tunisians>
- The World Bank. (2015a). *Global economic prospects*. January. Retrieved from http://www.worldbank.org/content/dam/Worldbank/GEP/GEP2015a/pdfs/GEP2015a_chapter2_regionaloutlook_MENA.pdf
- The World Bank. (2015b). *Towards a new social contract*. MENA Economic Monitor No. 95650. April. Retrieved from http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2015/04/09/000456286_20150409170931/Rendered/PDF/956500PUB0REVI020150391416B00OUO090.pdf

U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov